

Message Text

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ACTION XMB-04

INFO OCT-01 ARA-06 ISO-00 EB-08 COM-02 TRSY-02 OPIC-03
AID-05 L-03 CIAE-00 DODE-00 INR-07 NSAE-00 PA-01
USIA-06 PRS-01 SP-02 IGA-02 /053 W
-----021721Z 026771 /43
R 011945Z APR 77
FM AMEMBASSY MEXICO
TO SECSTATE WASHDC 1256

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PASS EXIMBANK

E.O. 11652:N/A
TAGS: EFIN, ENRG
SUBJECT: CFE REQUESTS DEBT CAPITALIZATION

1. MEXICO'S FEDERAL ELECTRICITY COMMISSION (CFE) DIRECTOR GENERAL CERVANTES DEL RIO ANNOUNCED IN TODAY'S PRESS THAT HE HAD ASKED PRESIDENT LOPEZ PORTILLO TO CAPITALIZE CFE'S 21 BILLION PESO (NEARLY ONE BILLION DOLLARS) DEBT. IF THIS REQUEST IS GRANTED, THE CFE WILL STILL HAVE AN OUTSTANDING TOTAL DEBT OF 49 BILLION PESOS. AS OTHER MEASURES TO COMBAT ITS FINANCIAL PROBLEMS, THE CFE HAS PROPOSED AN ANNUAL REVISION OF ELECTRICITY RATES, AND HAS CALLED FOR A HIRING FREEZE. HOWEVER, NO MENTION WAS MADE OF ANY CURTAILMENT OF EXPANSION PLANS.

2. BEGIN LOU. SINCE THE CFE REQUEST HAS BEEN MADE PUBLIC, THE CAPITALIZATION PLAN HAS PROBABLY ALREADY BEEN APPROVED. THE CFE HAS LONG BEEN PLAGUED WITH FINANCIAL DIFFICULTIES, CAUSED IN NO SMALL PART BY FEATHERBEDDING. THE ELECTRICAL WORKERS UNION IS VERY POWERFUL AND WOULD NO DOUBT VIOLENTLY RESIST ANY ATTEMPT AT FIRING ITS
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MEMBERS. HOWEVER, A HIGH-RANKING CFE OFFICIAL ADMITTED TO EMBOFF THAT THE COMMISSION WOULD FUNCTION MUCH MORE EFFICIENTLY IF IT COULD GET RID OF HALF ITS EMPLOYEES. HE ADDED THAT REVENUES FROM POWER SALES SCARCELY COVER THE PAYROLL AND DEBT FINANCING. THOMPSON.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCIAL CRISIS, DEBT REPAYMENTS, GOVERNMENT AGENCIES
Control Number: n/a
Copy: SINGLE
Sent Date: 01-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770115-0033
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From: MEXICO
Handling Restrictions: n/a
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ISecure: 1
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Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 8a7707ac-c288-dd11-92da-001cc4696bcc
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Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Previous Handling Restrictions: n/a
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Review Exemptions: n/a
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Review Release Date: n/a
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Subject: CFE REQUESTS DEBT CAPITALIZATION
TAGS: EFIN, ENRG, MX, CFE-FEDERAL ELECTRICITY COMMISSION
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